The National Imagery and Mapping Agency

Date: 11/5

To: CIA Comptroller

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This is a file from your registry that followed me to the DDA's registry. It may be the record copy of the first of the NAPA studies of CIA management. Over to you. This is a classic.

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COMPT 80-0288

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MEMORANDUM FOR: Deputy Director for Administration
                  Deputy Director for National Foreign Assessment
                  Deputy Director for Operations
                  Deputy Director for Science and Technology
                  General Counsel
                  Legislative Counsel
                  Inspector General
                  Comptroller
                  Director, Equal Employment Opportunity
                  Director of Public Affairs

FROM   :   Harry E. Fitzwater
                  Director of Personnel
                  Policy, Planning, and Management

SUBJECT   :   NAPA Project Group Recommendations

        Following deliberations by the Executive Committee, the Deputy
Director of Central Intelligence approved the attached two sets of
actions on recommendations made by the NAPA Project Group in their
report of 2 November 1979. I am forwarding these to you for infor-
mation only; specific actions to be taken will be the subject of
separate correspondence. In addition, all employees will be noti-
fied of any personnel management changes.

                                        Harry E. Fitzwater

                                        Harry E. Fitzwater

Attachments

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COMPT ___79-1416___

15 NOV 1979

MEMORANDUM FOR: Director of Personnel

FROM: Maurice Lipton
                 Comptroller

SUBJECT: NAPA Project Group Report   (U)

REFERENCE: Memo for Multiple Addressees from DDCI dtd 5 November 1979,
                 Same Subject   (U)

    1. As requested by the DDCI, I have reviewed the NAPA Project Group
Report. It also has been reviewed by members of my staff. The consensus
is that the NAPA Project Group has prepared an objective report of high
quality, and has made sound defensible recommendations on the issues
involved. (U)

    2. I have no substantive comments or suggestions to offer on the
Report. Also, I have no major disagreement with the conclusions reached
on the issues and am prepared to support approval of most of the recom-
mendations without reservation. In a few instances, particularly those
dealing with panel activities, I would like to have the benefit of the
views of other Executive Committee members before committing myself.
(A/IUO)

    3. I agree with the NAPA Project Group that certain of the issues
(enumerated in paragraph 3 of the Group's 2 November 1979 transmittal
memorandum) are likely to be of greater interest and concern to Agency
management than others. I look forward to the planned Executive Com-
mittee review of the Report. (U)

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                                    Maurice Lipton

Distribution:
  Orig. - Add.
       1 - Compt Subj w/att.
       1 - Compt w/o att.
       1 - D/Compt w/o att.
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O/Compt/AG,   (15Nov79)

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79-1416   7

15 November 1979

MEMORANDUM FOR: Comptroller

SUBJECT: NAPA Project Group Report   (U)

1. As you requested, I have reviewed the NAPA Project Group Report. I paid particular attention to the discussion and the recommendations presented for consideration by the Executive Committee and subsequent approval/dis-approval by the DCI/DDCI. I also again reviewed the NAPA Report and the discussion leading to the NAPA recommendations. (U)

2. In my view, the Project Group has done a good job and has presented recommendations which, for the most part, we will be hard pressed to dis-approve. Most are of the so-called "motherhood" variety, and all seem intended to correct real or perceived deficiencies in the Agency's personnel management system, to improve personnel procedures, or to state or clarify policy. In several instances, the Group disagreed with the NAPA Team and in my view rightfully so (e.g., see recommendation(s) in Tabs B, F, G, and R to illustrate areas of disagreement). Since I basically agree with the recommendation(s) presented by the Group, I saw no purpose to be served in commenting to you on each of the issues. However, I will be glad to do so if you wish. (U)

3. The NAPA Project Group transmittal memo highlights in paragraph 2 those issues which it considers most important. I agree with the Group's appraisal and would only add that those issues and accompanying recom-mendations dealing with evaluation panels are likely to be the most controversial. Here again, in my view, the Group seems to have done its homework and recommends changes in the existing system which I believe should be approved. (U)

4. I somehow feel that my generalizations are not very helpful in preparing you for the Executive Committee Meeting on the Report. However, short of commenting (my pros and cons--mostly pros) on each issue, I am not sure what else I can offer. (U)

5. I suggest that you focus briefly on the recommendation(s) relating to each issue (generally found on the last page under each Tab) and flag those that you feel are worth pursuing. Then we might discuss those with which you disagree or feel additional background might be useful. I also suggest you send the attached memo to the D/Pers in response to the DDCI request for comments on the report. (U)

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Chief, Administration Group
O/Comptroller

Attachment:
  As Stated

Distribution:
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THE CIA PERSONNEL MANAGEMENT SYSTEM

Prepared by

THE NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

March 15, 1979

OF PUBLIC ADMINISTRATION
1225 Connecticut Avenue, N.W. Washington, D.C. 20036
202/659-9165

March 15, 1979

Admiral Stansfield Turner
Director
Central Intelligence Agency
Washington, D. C. 20505

Dear Admiral Turner:

The National Academy of Public Administration
Team charged with reviewing the CIA personnel manage-
ment system is pleased to present its final report to
you. The basic thrust of the report is to provide
a personnel management system for the Agency that will
meet its present and future needs.

The Team appreciates the opportunity it has had
to be of service. The challenges involved have been
unique, and the cooperation the Team received was
outstanding.

It is our hope that the report will serve as a
useful basis for long-term adjustments that will
enable the Agency and its people to better fulfill
the vital CIA mission.

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Sincerely,

Enclosure

THE CIA PERSONNEL MANAGEMENT SYSTEM

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Appendices: (Listed Separately)

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EXECUTIVE SUMMARY

The review of the CIA Personnel Management system undertaken by the National Academy of Public Administration is set forth in the accompanying report. The report contains three major sections: (1) an Introduction; (2) a description of the Present System, highlighting problem areas; and (3) Conclusions and Recommendations. This summary attempts to capsulize the contents of the report.

Introduction

Reviews the original assignment given the NAPA Team, the Team's composition, its methodology and the considerations which guided its study.

The Team concludes that the current CIA personnel system, characterized by rank-in-the-person and decentralized management to Directorates, has served the Agency well. NAPA believes that, with some adjustments, the existing arrangements are the best available for the organization and sufficiently flexible to accommodate to environmental changes most likely to affect the Agency's future.

The Present System

1. ### Personnel Management in the CIA

Reviews the statutory base upon which the present system is founded; examines personnel policy development, implementation

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and evaluation within the Agency; comments on the roles and relationships of the various participants in personnel management; and attempts to summarize the costs involved in CIA personnel management.

A major finding in this section is that the CIA statutory base grants an extraordinarily flexible authority on which to develop personnel policy. This flexibility, however, generates problems. Specifically:

° The Agency has been able to pick and choose parts of other personnel systems; however, decisions to accept or reject various aspects of the prevailing Federal system have not been based on clearly stated criteria nor fully explained to Agency employees.

° General Counsel's decisions on CIA statutory latitude in personnel matters appear rather conservative; the extent of the Agency's authority or restrictions upon it need to be firmly agreed upon. Other findings include:

° The history of the Agency makes clear that policy can be developed and implemented only with senior line management involvement and top management interest and support.

° The system for issuance of Regulations governing Agency personnel management does not provide

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proper mechanisms for policy decision-making by
the DCI/DDCI.

° The Annual Personnel Plan (APP) and the
Personnel Development Program (PDP), although
basically useful personnel management tools, have
become grossly overburdened with detail and are
in need of major overhaul.

° Internal reporting systems do not satisfy
data needs at various levels of the Agency.

° The Office of Personnel has a weak enforce-
ment posture in all of its activities.

° There does not appear to be a comprehensive
system for evaluating personnel operations, tracking
performance or enforcing compliance with policy.

° Coordination between the Office of Personnel
and the Office of Training is deficient, and hinders
the full utilization of training resources in the Agency.

° The role of personnel staffs assigned to
Directorates and Career Management staffs have not
been clearly defined.

° The staff costs of administering personnel
management in the CIA are high compared to other
Federal agencies. These costs arise, in part, from

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the number of personnel careerists and non-careerists
performing personnel functions in the components and
the number of man years devoted to panel operation.

2. The Career Services

Describes the concepts and coverage of the CIA's five
career services and addresses the problem inherent in a
system which follows organizational lines while the interests
of some employees are more associated with occupational
categories.

Findings resulting from our review of the five career
services disclose:

° The occupational categories for which there
is the greatest Agency-wide utilization are Clerical
and Secretarial, Data Processing, Intelligence Pro-
cessing and Production. Other categories are largely
concentrated in a single Directorate.

° The existence, side by side, of two different
bases for assignment and promotion raises the question:
should the Agency consider abandoning Personal Rank
Authority (PRA) for all but DDO; or for all but DDO
and those portions of other Directorates which have
significant overseas billets or continue the present
system?

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° On balance the majority (67%) of Agency

employees are assigned to positions of the same

grade as held by the individual. DDO is the ex-

ception with only 54% assigned at an equivalent grade.

° Agency-wide (and within all Directorates)

substantially more employees (27%) are assigned to

positions <u>above</u> their personal grade than to lower

graded positions (6%).

3. <u>Specific Personnel Management Activities</u>

Discusses a broad spectrum of personnel functions

and activities, including: Performance Evaluation, Panels,

Promotions, Assignments, Separation, Recruitment, Placement,

Vacancy Notices, Training and Equal Employment Opportunity.

The major findings set forth in this section are:

° The present Fitness Report is deficient

but is in the process of revision.

° There is confusion between "performance"

and "potential" in the use of the CIA "descriptors" --

"High Potential," "May Develop High Potential,"

"Valuable Contribution," etc.

° Some comparative evaluations of employees are

excessively definitive in that they purport to rank

every employee in specific relationship to every other

employee. (That is, every individual in a group of 100 is assigned a position between 1 and 100.)

° There are a variety of differences in panel composition and method of operation.

° The recent directive requiring supervisory compliance with panel recommendations for promotion has caused concern among many line managers.

° "Flow-through" is not a workable concept for many Agency managers. These managers argue that a "young and vigorous" work force is not a necessity in many parts of the Agency and that, even in those components where it is highly desirable, there are circumstances which require exceptions.

° The "low three percent out" concept has not resulted directly in eliminating the least desirable personnel and is inadequate for use as a reduction-in-force mechanism.

° Agency recruiting activities are less than effective because of the lack of uniform and realistic qualification standards, the discontinuity and number of steps in the recruiting process and the failure of the system to resurface applicants who have desirable

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qualifications but were not selected initially.

° Recruitment of Career Trainees (CTs) from within and without the Agency does not appear to have been pursued as effectively as it might and criteria should be established for use of CTs in Directorates other than DDO.

° Placement of employee spouses returning from LWOP during an overseas assignment has not been afforded a sufficiently high priority.

° The Agency "Vacancy Notice" program is uncoordinated and ill-defined. It is operated differently by the various Directorates and has some mechanical problems in the actual distribution of notices.

° Use of the PDP in selection of employees for supervisory and management training programs is causing a dysfunction in the system. It is questionable whether enough of the right people are receiving this training.

° Agency hiring policy has emphasized both qualifications and potential in the selection of applicants. The minority community in the Agency believes this policy to be discriminatory and that

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the major concern should be related to the qualifications for the position to be filled.

° Minority employees and women are significantly underrepresented in the higher grade levels.

° There are no clear criteria for the use of PAT-B and it is viewed by minority employees as having a cultural bias. It has not received a credible analysis by outside experts.

° Minority employees are concerned about their lack of representation on the Personnel Evaluation Review Board and the Applicant Review Panel.

° The EEO Advisory Group opposes the categorization of all Agency positions as professional, technical or clerical and the requirement of a college degree for all "professional" positions.

4. The Relationship of Personnel Management to Mission Accomplishment

Discusses the programs for executive identification and development; indoctrinating new employees, supervisors and managers; efforts to improve and reward teamwork; rewards for breadth of experience; and rotational assignments.

Findings include:

° There is a lack of a comprehensive system

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for the identification of executive potential and the development of that potential.

° The Agency has not assigned staff responsibility for assisting line managers in team building efforts.

° The system does not reward teamwork nor penalize those who disregard it.

✓ ° The attitude of top management toward the value of rotational assignments is clear but the concept and implementation of the "thirty position" program leave something to be desired. Directorate publications do not stress rotation.

Conclusions and Recommendations

This part of the report restates and expands on the Team's judgment regarding the overall effectiveness of the CIA personnel system; sets forth the general considerations which should guide the Agency in making adjustments on current practices; makes specific suggestions for improvement; and sets forth guidelines for implementation of the report's recommendations.

1. Conclusions Concerning Effectiveness of the Present System

While again emphasizing that the Present System does not require radical surgery, the report concludes that:

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° The most effective system for the Agency involves policy guidance, goal-setting and evaluation of results <u>centralized</u> to top management, with implementation <u>decentralized</u> to operating components.

° In many areas of personnel management, Agency-wide standards have not been established and where they have been, there is no adequate mechanism for assuring compliance.

° The centralization of personnel management at the Directorate level is sufficient to assure relatively uniform treatment of Directorate employees.

° The CIA system involves a large variety of people and organizations in personnel management -- line managers, Career Management staffs, Panels, Offices of Personnel and Training. The roles and relationships of these participants are not entirely clear and the costs of operating in this mode must be given appropriate attention.

2. <u>Considerations Upon Which Revisions Should be Based</u>

Suggests that:

° The DCI/DDCI should assert leadership in the formation of Agency personnel <u>policy,</u> <u>planning</u> for future personnel needs, the development of <u>Executive/ Managers,</u> and the <u>evaluation</u> of program accomplishments.

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° The scope and limitations of statutory personnel authority should be analyzed and clearly defined.

° Flexibility to meet the diverse needs of components should be retained within the broad framework of an Agency-wide system.

° Revisions in the present system should be made only after careful consideration of the impact throughout the system.

° There should be maximum line management involvement.

° Roles and relationships of all involved in personnel management should be clarified.

° The goal of maximum efficiency and equity must be sought in the light of reasonable restraints on costs.

° The Agency employee population must not only be highly qualified but it must also represent American society more than it now does.

° Implementation of our recommendations should proceed thoughtfully and with due regard for minimizing disruptions within the work force.

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3. Suggestions for Revising Various Aspects of the Present

    Personnel Management System

    Discusses the fact that the CIA, in theory has a single

system but in practice, operates under two personnel concepts:

(1) a rank-in-the-person system; and (2) the classical Civil

Service arrangement in which the <u>position</u> occupied determines

the employee's grade level. Considers the possibility of

openly adopting separate systems for the domestic and over-

seas components, but rejects that option for the following

reasons:

       ° It would establish "class" distinctions within

the Agency which would be psychologically counter-

productive.

       ° It would hamper the reassignment across

Directorate lines of returning overseas personnel.

       ° It would be at cross purposes with the recently

enacted Civil Service Reform Act insofar as executives

are concerned.

       ° It would eliminate -- for domestic components --

the present flexibility which allows the "testing" of

employees in higher graded jobs before deciding to

actually <u>promote</u> the individual.

Concludes, therefore, that the Agency is best served by

retaining rank-in-the-person authority for both overseas and domestic components even though Agency needs will result in applications amounting to a dual system.

In addition, makes general and specific comments and recommendations for improvement in the areas of: career planning; executive selection and development; employee evaluation, promotion, assignment and retention; the function of panels; recruitment; equal employment; work force planning; and personnel policy development, implementation and evaluation.

The major recommendations contained in this section are:

° Establish a new Executive Selection and Development program which recognizes the distinctions between general managers, program managers and professionals. Provide Directorate systems which feed outstanding employees into the executive ranks.

° Enhance career opportunities for employees by: (1) establishing some career lines which cut across the present career services; (2) improving the use of vacancy notices, (3) adopting better mechanisms for dealing with employees returning from overseas and LWOP and those involved in reductions

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in personnel ceilings; and (4) by clarifying the intent and implications of the "flow-through" policy.

° Clearly distinguish between performance and potential in employee evaluation.

° Adopt a number of specific suggestions for improving and standardizing the function of promotion panels.

° Ease the current restrictions on supervisory modification of promotion panel judgments. Monitor the incidence of such actions.

° Strengthen and streamline the recruiting process in general and make adjustments in Career Trainee recruitment in particular.

° Retain definitive grade level goals for minorities and women and provide for at least annual review by the EAG/DCI/DDCI on component accomplishment.

° Validate, and examine possible racial bias, PAT-B by use of credible outside expertise. Prescribe positions or classes of positions for which it is to be utilized.

° Add the Director of EEO to the Personnel Evaluation Board and the Applicant Review Panel.

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° Charge the EAG with the role of advising the DCI
on all Agency personnel management policies.

° Revise the preparation and presentation of
Agency personnel regulations to the end that <u>policy</u>
is clearly differentiated from <u>procedure</u> and that
only the DCI/DDCI can approve the former.

° Take advantage of every opportunity to involve
line managers in personnel policy implementation and
evaluation.

° Improve the utility of the Annual Personnel
Plan as a manpower planning device by restructuring
to eliminate unnecessary detail and using it as a
DCI/DDCI tool to monitor the accomplishment of Agency
manpower goals.

° EAG and DCI/DDCI should establish a program
for coordination and review of all evaluation of
Agency personnel activities.

4. <u>Roles and Relationships in Personnel Management</u>

This section deals with a number of roles and relation-
ships involved in Agency personnel management. Specifically:

° The DDCI serve as chairman of the EAG on
personnel management issues.

° The DCI should reinforce his verbal orders
with a written directive designating the DDCI as the

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prime Agency decision-maker on personnel issues.

° Deputy Directors and Heads of Office and Divisions should be assigned specific roles in personnel policy development, planning and evaluation.

° The plans and evaluation staffs in the Office of Personnel should be utilized more fully and in a more timely fashion.

° The DCI/DDCI should give greater support to the Office of Personnel in the enforcement of the OP control functions.

° Review and better define relationships between Office of Personnel, personnel officers in components, Career Management staffs and line officials.

° Personnel analysts should have easier access to top management in personnel policy development and decision-making.

° Improve coordination between Personnel and Training and assign responsibility to the latter organization to give staff assistance to line managers in "team-building" efforts.

° Establish a Management Staff to support the EAG/DCI/DDCI on organization, manpower utilization and planning.

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    °   Reconsider the viability of the "E" Career Service.

5.   <u>Implementation of This Report</u>

Suggests that the cumulative effect of the changes recommended could have a disruptive effect on the organization if not carefully evaluated and adopted in a phased fashion.

We recommend the following steps:

    °   Widest feasible distribution of the major portions of this report in order to avoid employee mistrust of management motives and to detect valid reactions of a negative nature.

    °   In-depth appraisal by the EAG with appropriate staff support from the Office of Personnel.

    °   Development, by the EAG/DDCI, of an implementation schedule which establishes priorities and target dates.

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INTRODUCTION

1. <u>The NAPA Team's Assignment</u>

    The National Academy of Public Administration was requested to undertake a major and thorough examination of the CIA's personnel management system. The Academy Team assigned to conduct this study was requested to include in its report:

    - basic findings concerning the effectiveness of the present system,

    - principles upon which revisions, if necessary, should be based,

    - basic concepts for revising various aspects of the present personnel management system and options, if and where appropriate,   STAT

    - organizational concepts for any proposed changes and suggestions for implementing any changes. The National Academy of Public Administration Team included

    The study started on November 20, 1978 and concluded on March 15, 1979.

2. <u>The Focus of the Study</u>

    The present personnel management system has served the

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Agency well. The calibre of employees in the organization is considered by Agency managers and NAPA Team members to be extremely high and this is tangible proof of the effectiveness of the system in the past. In every discussion the Team members have had with Agency managers, managers have evidenced their interest in the personnel management system and recognize their responsibilities for administering the system. They also are acutely aware of the importance of balancing the needs of the Agency and the needs of employees.

There are a variety of factors which we believe will affect the Agency in the immediate future: These include: (1) the present attempts to define the Agency's role and methods of operation, i.e., charter legislation; (2) the limitations on personnel and dollar resources that is affecting all government agencies; (3) continuing publicity about CIA and Freedom of Information demands; (4) changes in methods of collecting intelligence, and (5) the changing leadership due to the large number of persons retiring who entered the Agency service in the late forties and early fifties.

In the light of what we see forthcoming in the Agency's future, the central issue we sought to address was whether the personnel structure and management system as it has evolved in the Agency is conceptually sound and flexible

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enough to meet both the changing needs of a highly important
and unique national security agency as well as to adjust
to societal changes and a shrinking resource base.

Other foreign affairs agencies have, in general, tried
to solve the complex task of organizing and managing a world-
wide component and a domestic component through dual person-
nel system -- Foreign Service and Civil Service -- centrally
managed. The CIA, unlike the other agencies, has had the
latitude, by virtue of being designated an excepted
service, to adapt the Civil Service system to accommodate
the distinctly different requirements of a disciplined mobile
worldwide service and a stable domestic system. At the same
time, the personnel management function has been largely de-
centralized to line managers with the prime responsibility
residing, since the 1973 reforms, with the heads of the
Directorates. The Office of Personnel is assigned an almost
entirely servicing role, some monitoring, and administration
of the classification system.

Keeping in mind top management's desire to achieve
greater coherence in the system as a whole, to strengthen
its own personnel management role, and to improve executive
development, the Team took a hard look at possible
alternative systems. We have concluded that the basic
concepts on which the CIA personnel system is built are

<u>both sound and capable of adaptation to changing needs.</u>

The goals which top management seeks can be accomplished

within this framework.

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